

## Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02  
OMB-01 DOE-15 OIC-02 AF-10 ARA-10 EA-10 EUR-12  
NEA-10 /163 W

-----045208 301829Z /47

P 301757Z MAR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 7793

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USMTN

ACTION STR PASS ELECTRONICALLY FOR STARKEY

EO 11652: N/A  
TAGS: ETRD, GATT, MTN  
SUBJECT: CLARIFICATION OF US REQUESTS ON GRAINS

REF: STATE 075534

1. MTN DEL APPRECIATES REFTEL WHICH ELABORATES ON THE US REQUESTS ON GRAINS MADE SO FAR. THE BASIC CONCEPT BEHIND THE US REQUEST IS CLEAR, BUT ITS APPLICATION TO COUNTRIES WITH WIDELY DIFFERING IMPORT SYSTEMS REQUIRES FURTHER CLARIFICATION IN ORDER TO MAKE US REQUESTS MORE MEANINGFUL. WE ALSO BELIEVE THAT COUCHING OUR REQUESTS IN MORE PRECISE TERMS IS NECESSARY BECAUSE, AS THE REFTEL RIGHTLY STATES, THE SETTING OF INTERNAL PRICE LEVELS FOR BASIC GRAINS IS AN EXTREMELY SENSITIVE MATTER OF NATIONAL POLICY. IF THE REQUESTS ARE NOT CAREFULLY WORDED, THEY MIGHT BE CONSIDERED AS A DIRECT ATTACK ON BASIC DOMESTIC SUPPORT POLICIES

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RATHER THAN LEGITIMATE DEMANDS FOR CHANGES IN THE IMPORT REGIME.

2. JAPAN -- TO LIMIT THE MARGIN OF DIFFERENCE BETWEEN THE RESALE PRICE FOR WHEAT SET BY JAPAN'S FOOD AGENCY AND THE WORLD MARKET PRICE WOULD AFFECT JAPAN'S SUPPORT POLICY FOR RICE (AND ALSO FOR LIMITED JAPANESE DOMESTIC PRODUCTION

OF WHEAT). SINCE REFTTEL MAKES IT CLEAR THAT OUR GREATEST INTEREST IS IN COMMITMENTS HAVING AN IMPACT ON THE PRICE OF FEED GRAINS, WE ARE NOT CERTAIN WHETHER REFTTEL REQUEST TO JAPAN IS ALSO INTENDED TO COVER WHEAT AND OTHER GRAINS FOR HUMAN CONSUMPTION. ON THE OTHER HAND, IF US REQUEST IS LIMITED TO GRAINS FOR FEED USE, WE WOULD APPRECIATE OBTAINING A MORE PRECISE NOTION OF REDUCING THE MARGIN OF DIFFERENCE BETWEEN THE WORLD MARKET PRICE OF CORN AND SORGHUM AND THE PRICE AT WHICH THESE PRODUCTS ARE SOLD DOMESTICALLY. JAPANESE IMPORT DUTIES FOR CORN AND SORGHUM ARE BOUND AT ZERO AND THERE APPEARS TO BE NO MARGIN OF DIFFERENCE TO BE BOUND. PLEASE CLARIFY.

3. OTHER DEVELOPED COUNTRIES -- WE UNDERSTAND THE REQUESTS CONCERNING FINLAND, SWEDEN, CANADA, AND SPAIN. HOWEVER, WE WONDER WHY IN THE CASE OF AUSTRIA, WHEAT IS ALSO INCLUDED IN OUR REQUEST. WOULDN'T THIS DISRUPT THE WHOLE AUSTRIAN GRAIN SUPPORT SYSTEM? IN THE CASE OF NORWAY AND SWITZERLAND, OUR REQUESTS MAY BE CONSIDERED AS A DIRECT ATTACK ON THEIR FARMING SUPPORT SYSTEMS, WHICH ARE DELIBERATELY GEARED TO KEEPING PRICES ABOVE WORLD MARKET LEVELS IN ORDER TO MAKE GRAIN PRODUCTION AT ALL POSSIBLE.

4. DEVELOPING COUNTRIES -- AS MTN DEL UNDERSTANDS THRUST OF PARAGRAPH 11 OF REFTTEL, THE US IS SEEKING THE MAXIMUM BOUND DUTY REDUCTION POSSIBLE WITH RESPECT TO CORN FOR LIMITED OFFICIAL USE

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FEED USE (IN SOME CASES SORGHUM AS WELL). THIS COULD BE DONE EITHER BY REDUCING CURRENT DUTIES APPLIED OR BY CREATING NEW TARIFF POSITIONS AND REDUCING DUTIES. IF OUR INTERPRETATION OF THIS PARAGRAPH IS CORRECT, WE INTEND TO NOTIFY THE ENUMERATED COUNTRIES UNDER GROUP AGRICULTURE PROCEDURES WITHOUT MAKING REFERENCE TO THE MARGIN OF DIFFERENCE BETWEEN THE WORLD AND DOMESTIC PRICES OF CORN. IF ON THE OTHER HAND THE US REQUEST IS ALSO ADDRESSED TO THE OPERATION OF DOMESTIC SUPPORT SYSTEMS IN THE ENUMERATED LDC'S, MTN DEL BELIEVES IT NEEDS INFORMATION ON HOW THESE SYSTEMS OPERATE AND WHETHER THESE SYSTEMS COVER CORN AND/OR SORGHUM TO INDIVIDUALLY TAILOR SUCH COMPLEX REQUESTS.

5. DRAFTED BY KOENIG/GRAEF. MCDONALD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TARIFF NEGOTIATIONS, GRAINS, PREFERENTIAL TARIFFS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 mar 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Document Number:** 1978GENEVA04785  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Status:** NATIVE  
**Subject:** CLARIFICATION OF US REQUESTS ON GRAINS  
**TAGS:** ETRD, US, MTN, GATT  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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